



ISSUE BRIEF

The Biosimilar Savings Opportunity

Prioritizing biosimilars will generate significant savings
for state employee health plans

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What are biologics and biosimilars

- Biologics are efficacious treatments for many chronic, autoimmune, and inflammatory diseases including rheumatoid arthritis, psoriasis, Crohn's disease, multiple sclerosis, and cancer
- Biologics differ from traditional chemical-based medicines
 - Derived from living organisms
 - More complex to develop
 - Often infused in a clinical setting
- Just like generics, biosimilars are competitive products that drive down the price for biologics once originators' patents have expired
- Evidence shows that the costs of biosimilars are typically significantly lower than the originators

Biosimilars Cost Less and Create Savings

- According to Association for Accessible Medicines (AAM) 2025 Annual Savings Report biosimilars have created “\$56.2 *billion in savings for patients and the healthcare system*”

The U.S. Generic & Biosimilar Medicines Savings Report” Association for Accessible Medicines (AAM), September 2025, <https://accessiblemeds.org/resources/reports/2025-savings-report/>.

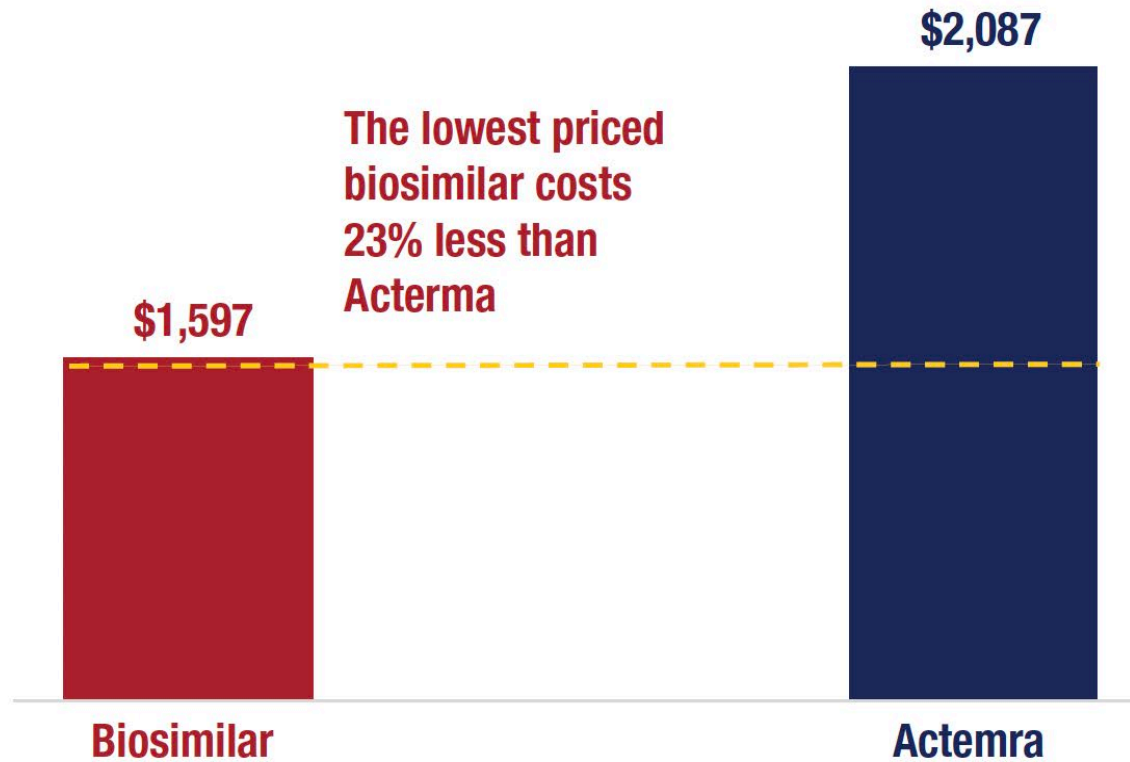
- The launch of biosimilars creates substantial price reductions over time; on average, the average sales price for biosimilars decreased by 52 percent within 5 years of the initial class launch.

Jeremias S “Milestone Approvals, Evolving PBM Models May Redefine the 2026 Biosimilar Landscape” AJMC, 2026.

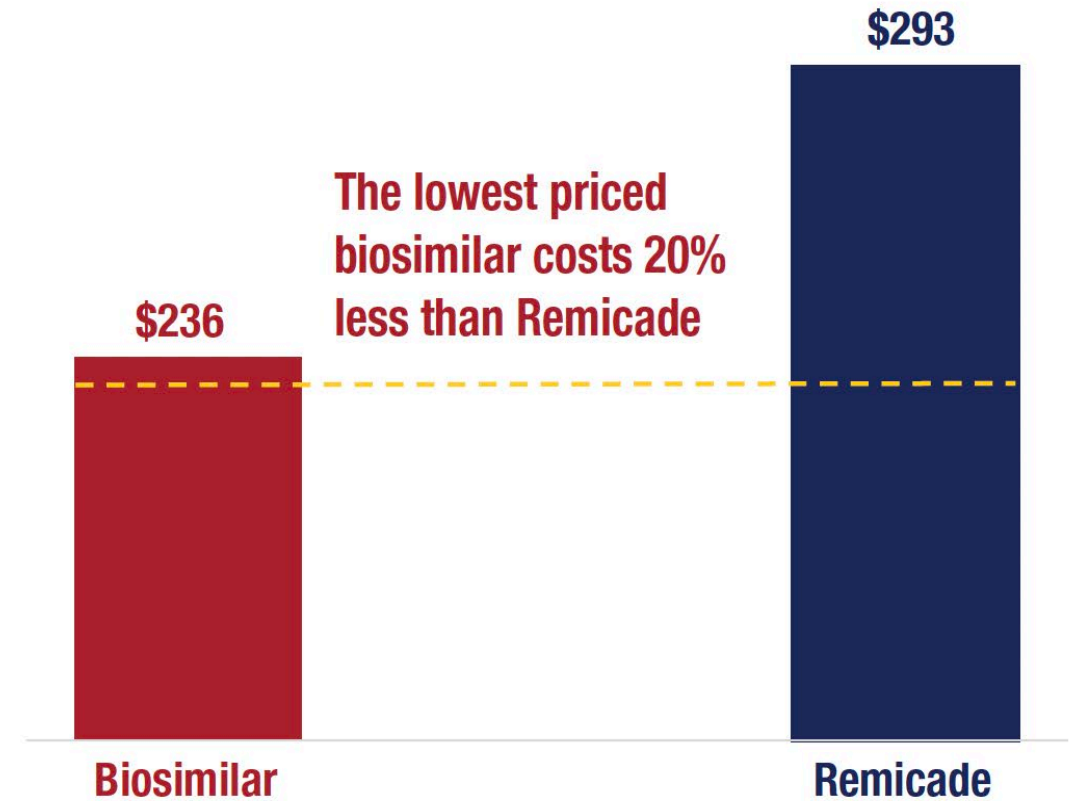
Immunology Drug ASP

Originator compared to Lowest-priced Biosimilar

ASP for Tocilizumab, 400 mg

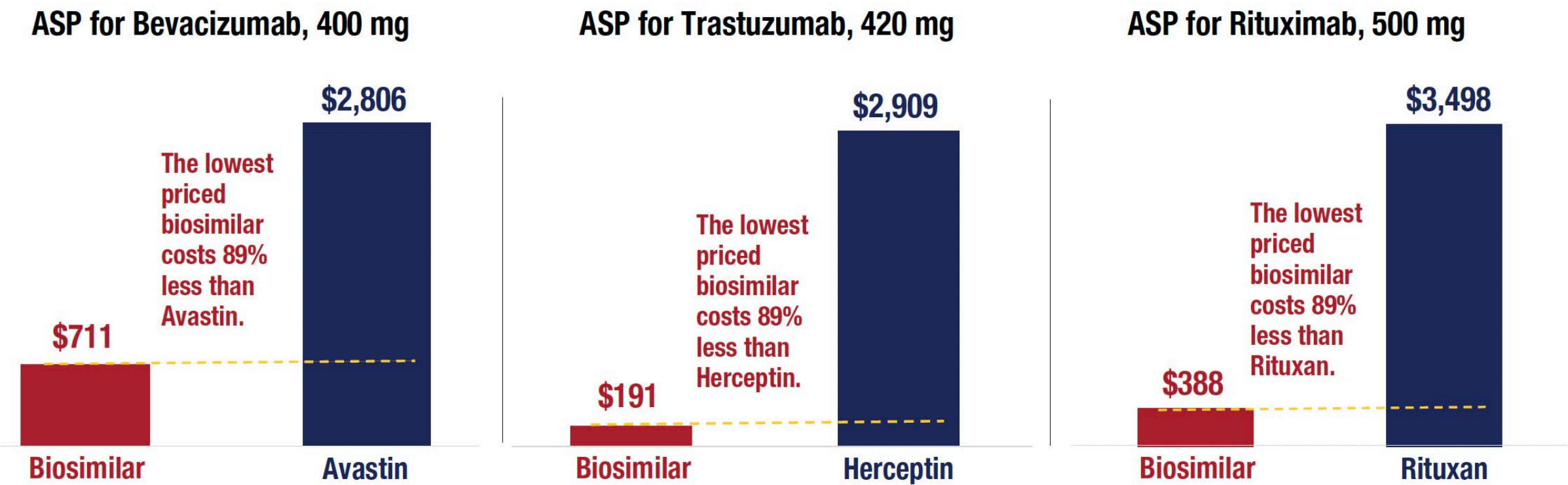


ASP for Infliximab, 100 mg



Oncology Drug ASP

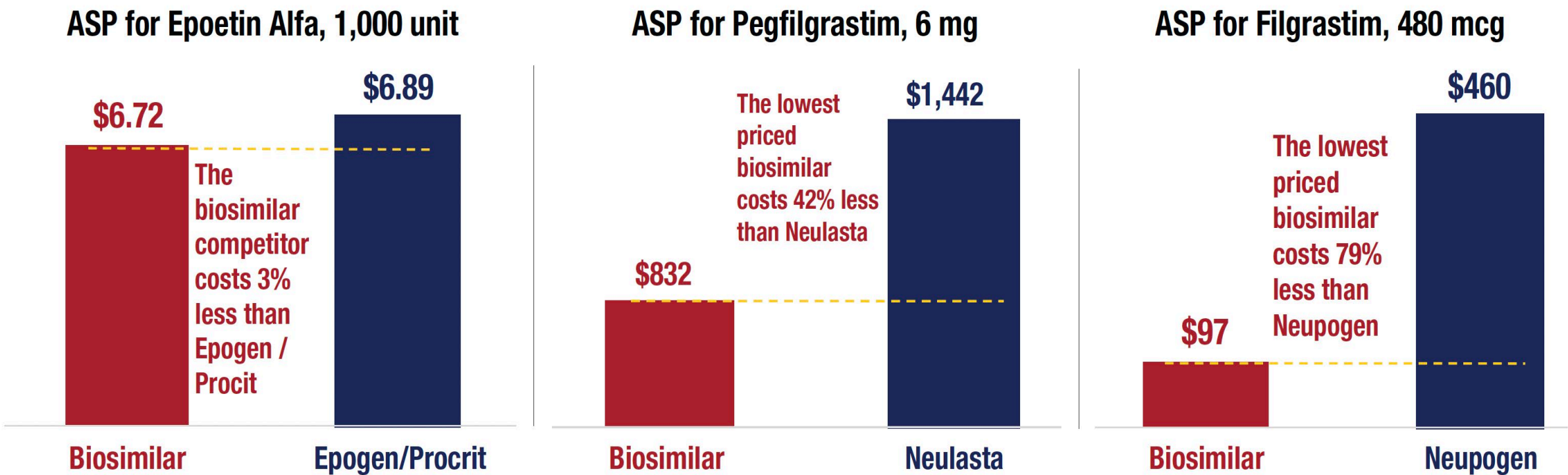
Originator compared to Lowest-priced Biosimilar



Source: CMS

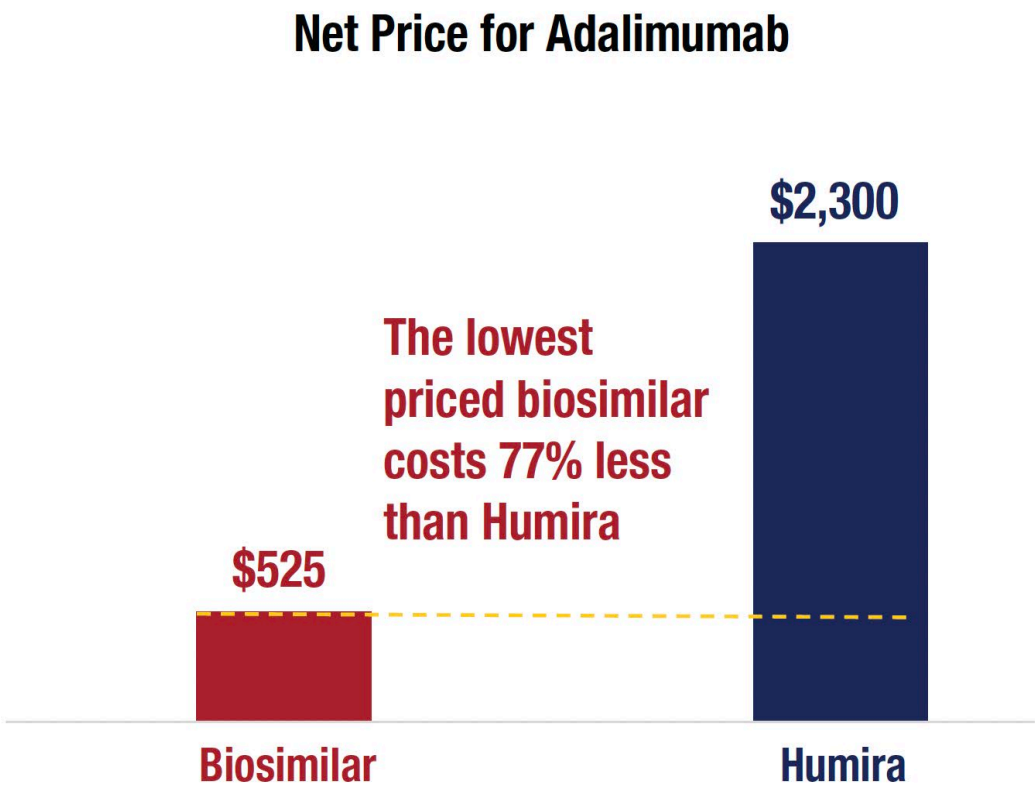
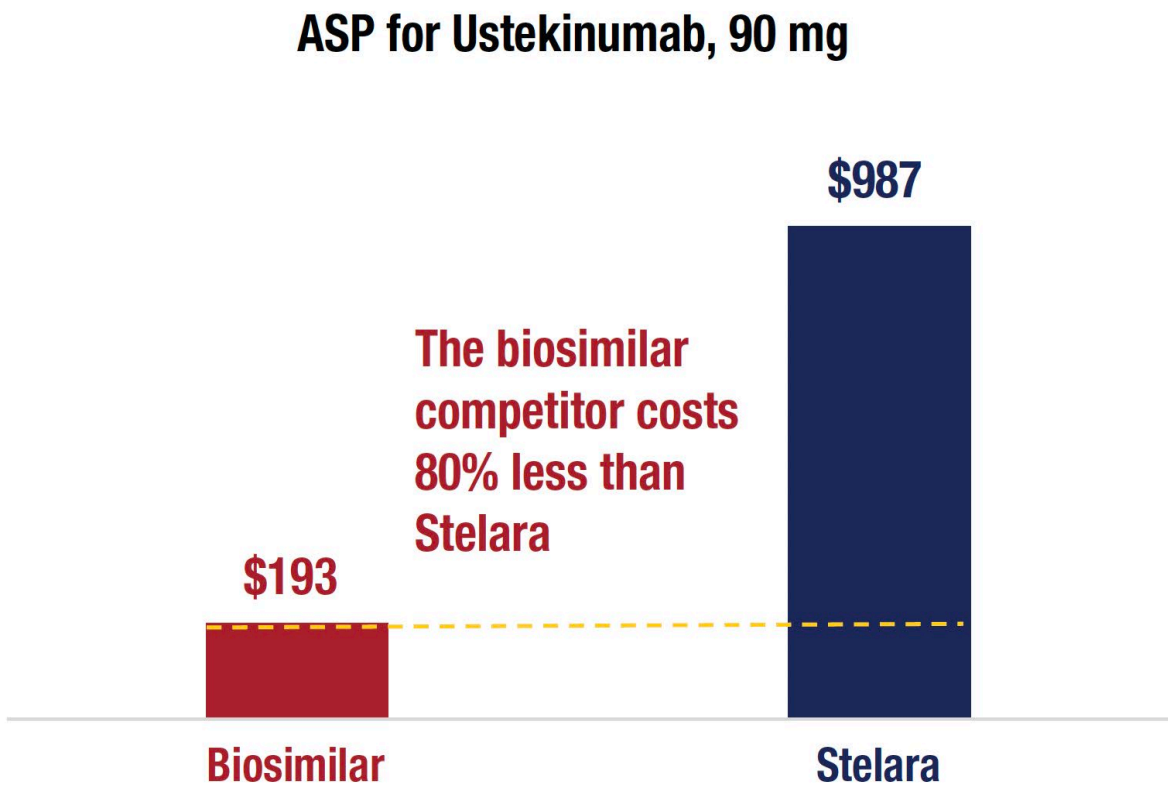
Supportive Drug ASP

Originator compared to Lowest-priced Biosimilar



Source: CMS

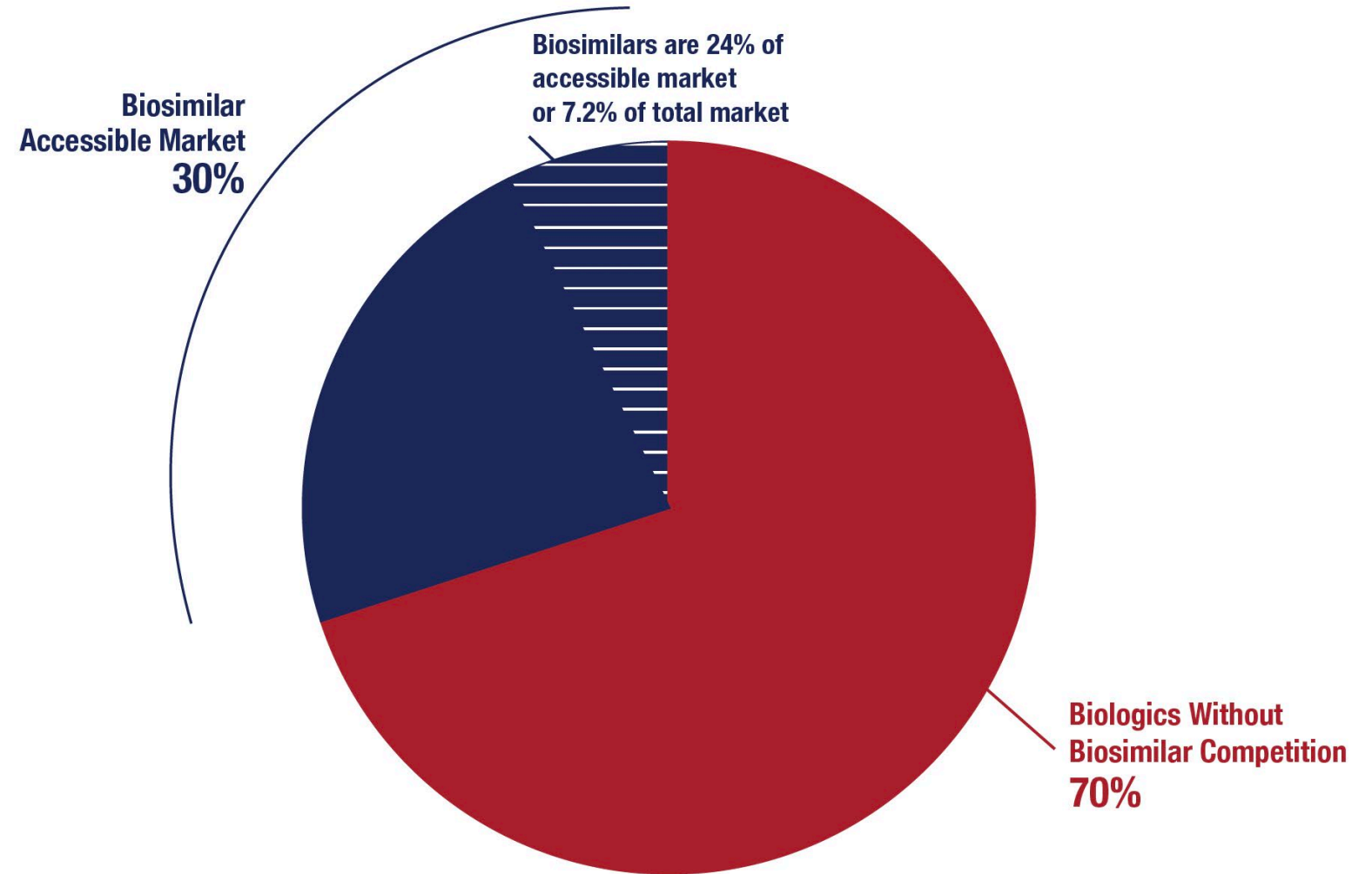
Immunology and Endocrinology Drug ASP Originator compared to Lowest-priced Biosimilar



Source: CMS

Biosimilar Share of Biologics Market by Volume 2024

Currently biosimilar share of accessible market is 24% -- 7.2% of total biologics market



Source: IQVIA

Implications for Arkansas State Employee Health Plans

- **Research Question:** How much can state employee health plans save by prioritizing biosimilars?
- Took a macro perspective to estimate potential savings. Given market unknowns, just focus on biologics where competition currently exists
- Estimated based on data from
 - CMS (National Health Expenditure data)
 - IQVIA
 - Altarum

Estimated State Employee Health Plan Spending on Biologics

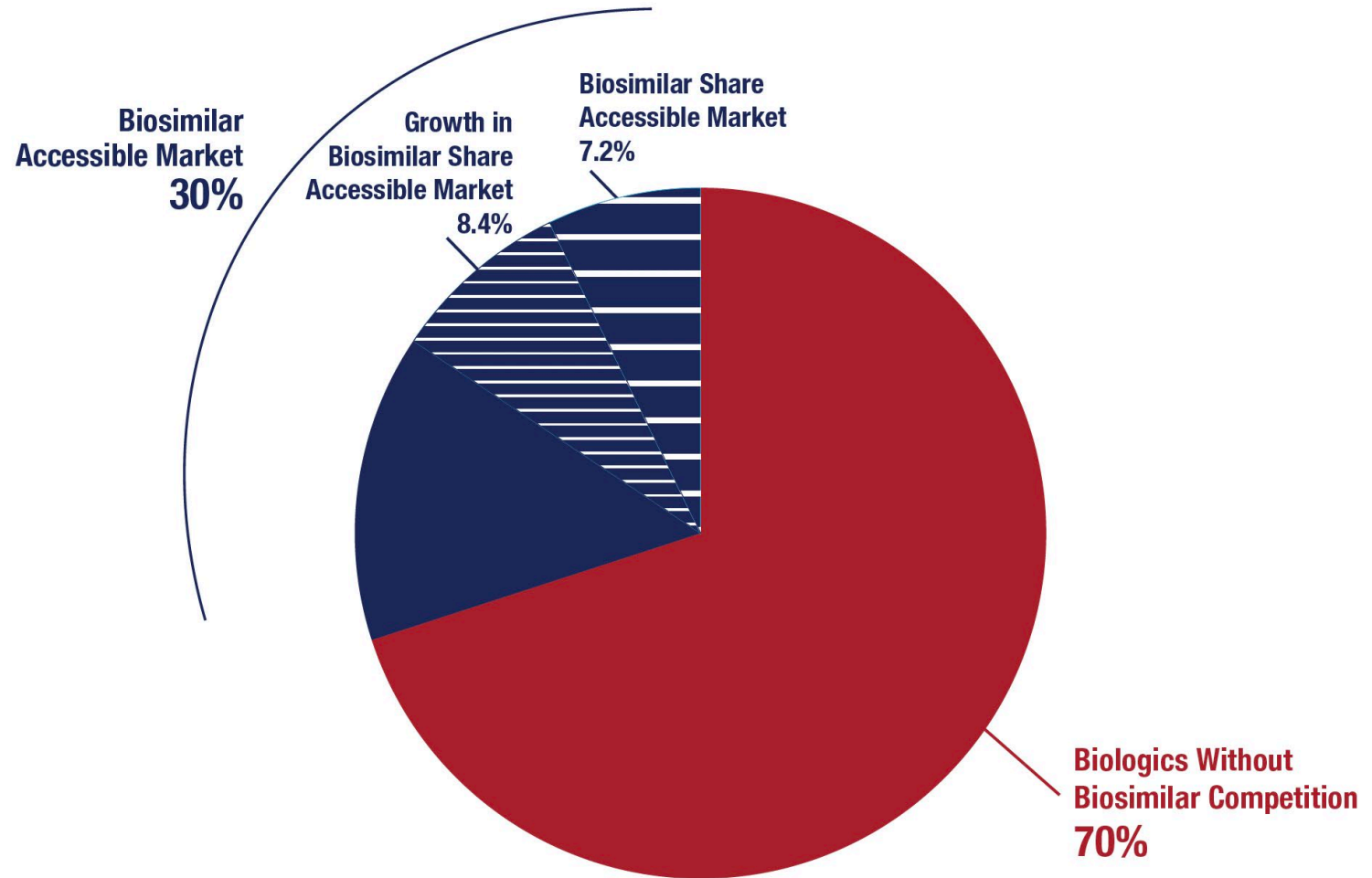
- We estimate that state employee plans spent \$20 billion on biologic medicines in 2024.
- In Arkansas, the estimate is \$185.7 million

	Total Spending on Biologics 2024 (in millions)
All 50 States	\$20,002.0
Arkansas	\$185.7

Figure 7

State Employee Health Plan Biosimilar Share With Prioritization Policy Rapidly Increasing Biosimilars Share to the 52 Percent Average

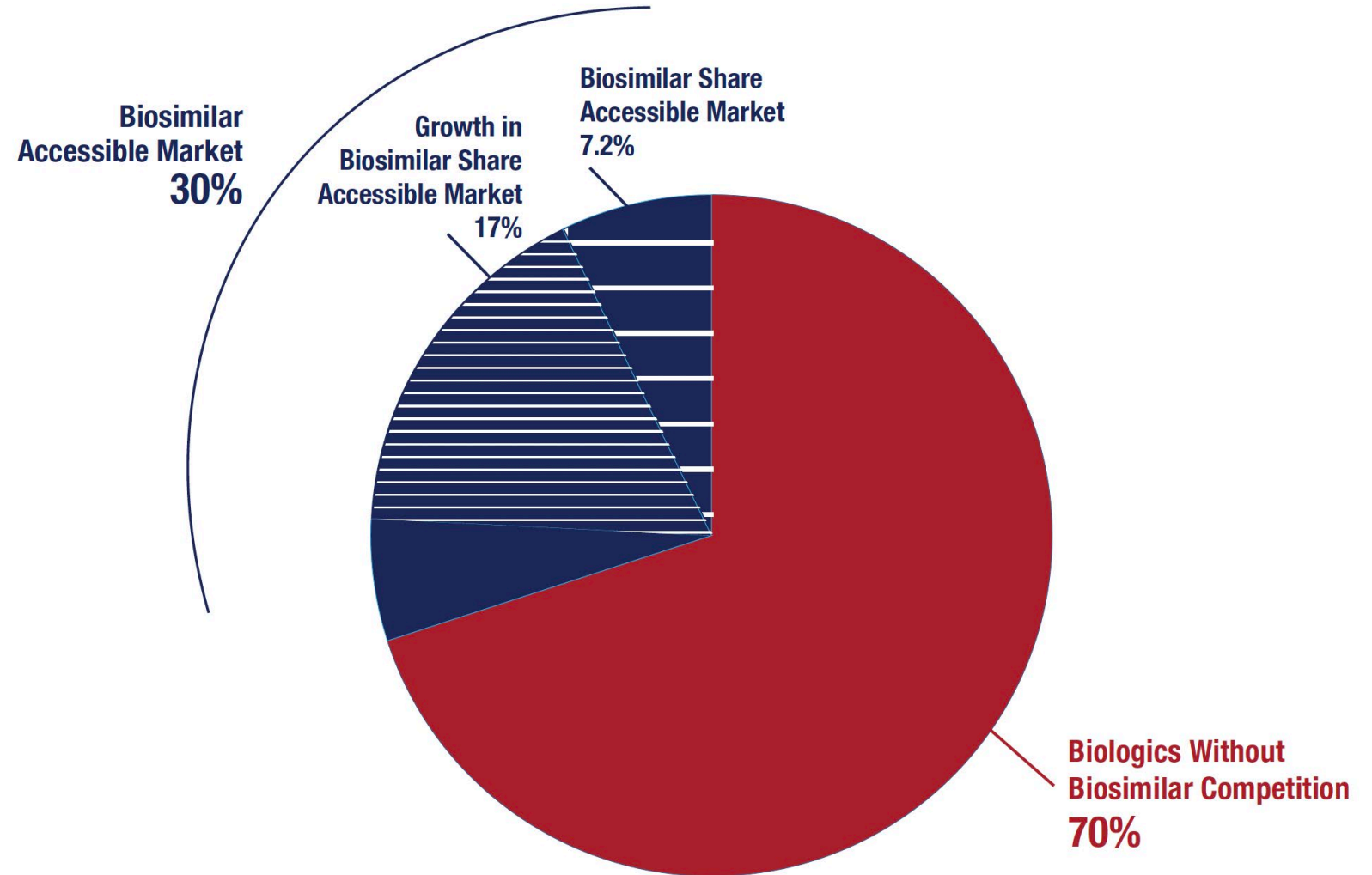
Increasing the share to 52% of the currently accessible market, current average, could save Arkansas state employee plans \$8.1 million



Source: Author calculations based on IQVIA data
Freeform

State Employee Health Plan Biosimilar Share With Prioritization Policy Rapidly Increasing Biosimilars Share to the 81 Percent Average

Increasing the share to 81% of the currently accessible market, current average, could save Arkansas state employee plans \$16.4 million



Source: Author calculations based on IQVIA data

Key Takeaways

- Confusion arises due to inefficiencies such as rebate walls and misaligned discount structures that distort incentives
- Prioritizing lower-cost products will save money and Arkansas should expect significant savings on drug spending by prioritizing biosimilars in the formulary